



MEDICAL SUPPLIER WHITE PAPER

Automating medical supplier AR

Why connecting procure-to-pay suites with automated order-to-cash solutions is the easiest way to get paid



Contents

- 3** The need for order-to-cash automation
- 5** Challenges and opportunities for medical suppliers
- 7** Connect with procure-to-pay suites
- 11** Case Study: Medical equipment supplier saves \$2.2 million in annual fees
- 12** Conclusions and recommendations

The need for order-to-cash automation

Driven by the need to increase healthcare access and improve outcomes for all patients around the world, the medical supply industry leverages technology, science and supply chain best practices to innovate, manufacture and deliver their products as quickly as possible.

But it's not uncommon for the back-office operations of these pioneering companies—suppliers that embrace artificial intelligence and automation to help them provide cutting-edge medical products—to rely on *out-of-date* accounting systems.



While medical supply companies work hard to meet the heroic demands of product innovation and supply chain disruptions, they're also under pressure to provide seamless, modern-day accounting transactions to their healthcare customers.

What's changed?



Healthcare providers are implementing **procure-to-pay suites** and are a fast-growing customer segment for accounts payable (AP) providers.



Medical suppliers are being pressured by their healthcare customers and AP providers to enroll in **unique, proprietary programs** in order to get paid.



There's increasing pressure on medical suppliers to accept **credit cards**.



Many AP providers have a lot to gain in this scenario, either because they also are the issuers of the credit cards or they have **partnerships** that incentivize buyers.



Manually processing credit card payments is time-consuming, error-prone and can expose medical suppliers to compliance issues.



Plus, it's expensive! In addition to paying interchange fees, some medical suppliers must employ entire teams devoted to manually processing card payments.

The world counts on medical supply companies to be agile, reliable and responsive. **Yet many are out of step with their customers when it comes to how they process accounts receivables (AR).** For some medical supply companies, it can seem like their AR teams and their customers' AP teams are speaking different languages.

Keep reading to understand how automating the order-to-cash cycle is a way for AR teams to speak the same language and match the pace of healthcare providers who are quickly adopting procure-to-pay suites.





Challenges and opportunities for medical suppliers

CHALLENGE Adoption of procure-to-pay	OPPORTUNITY Automate order-to-cash
As more healthcare providers adopt procure-to-pay suites, the back office operations of many medical suppliers are being challenged.	Automating the order-to-cash process meets customers where they are without overwhelming AR teams.
Customers and their AP providers are pressuring medical suppliers to enroll in any one of many unique systems to get paid.	A state-of-the-art AR system helps medical suppliers automatically process payments through a robust network of AP providers without unique logins.
Government regulators are increasingly involved in mandating how healthcare markets and their payment systems operate.	Automating AR provisions payment processes to meet mandates and eliminates regulatory risks caused by human error and the inefficiency of manual systems.
Medical suppliers often receive one large payment toward multiple invoices without adequate remittance advice.	By “speaking the same language,” a modern AR system will unwind the payments and match them accurately.
CHALLENGE Manually processing credit card payments	OPPORTUNITY Automate credit card processing
As pressure increases for medical suppliers to accept credit card payments, manually processing them is becoming a job of its own.	Partnering with an automated AR system that processes credit cards virtually reduces the need for manual systems.
Processing credit cards manually and matching them to invoices is tedious, high-burnout work.	Automating credit card processing helps attract and retain employees who want to be free of repetitive tasks.
To meet the demand of their customers, some medical suppliers are employing entire teams focused only on processing credit card payments manually.	Valuable, full-time employees can be refocused on strategic, future-focused initiatives.

CHALLENGE

Expensive credit card processing

Interchange fees on credit card payments are complex and variable—individually set by each issuer—and can really cut into the profits of a supplier.

Allocating human capital for the manual processing of credit card payments is costly, both fiscally and culturally.

OPPORTUNITY

Reduce the cost of card payments

Leveraging an automated, robust payment network helps medical supply companies dramatically reduce interchange fees.

Virtually processing credit cards protects the investment in full-time AR professionals.

CHALLENGE

Safety and security

Accepting payments via emails that include cardholder information may not comply with Payment Card Industry (PCI) Data Security Standards (DSS) and lead to fines.

PCI compliance requires firewalls, encryption, restricting access to cardholder data, protecting stored cardholder data and keeping systems safe from malware.

Customers used to paying by credit card via email may initially resist using a new system.

OPPORTUNITY

Ensure PCI compliance

Automating the acceptance and processing of emailed credit card payments is a PCI-compliant solution.

A modern AR automation system has state-of-the-art safeguards and security built in, eliminating the need for users to set up many measures themselves.

Providing a self-service payment portal that you promote and guide customers through can ultimately eliminate card payments via email.



Connect with procure-to-pay suites



Establish and protect credit

WHY AUTOMATE?

Retain and attract medical providers with credit agreements that:

- ✓ Get your client relationships off to a good start
- ✓ Inform risk management decisions
- ✓ Reduce friction with your finance team
- ✓ Keep the flow of credit accurate and open

OPERATIONAL EFFICIENCY

Reduce time-to-billing and optimize receivables:

- ✓ Process credit applications and references automatically
- ✓ Keep credit data accessible for later stages
- ✓ See real-time portfolio monitoring and alerts
- ✓ Combine third-party data with industry and peer information

Invoicing

WHY AUTOMATE?

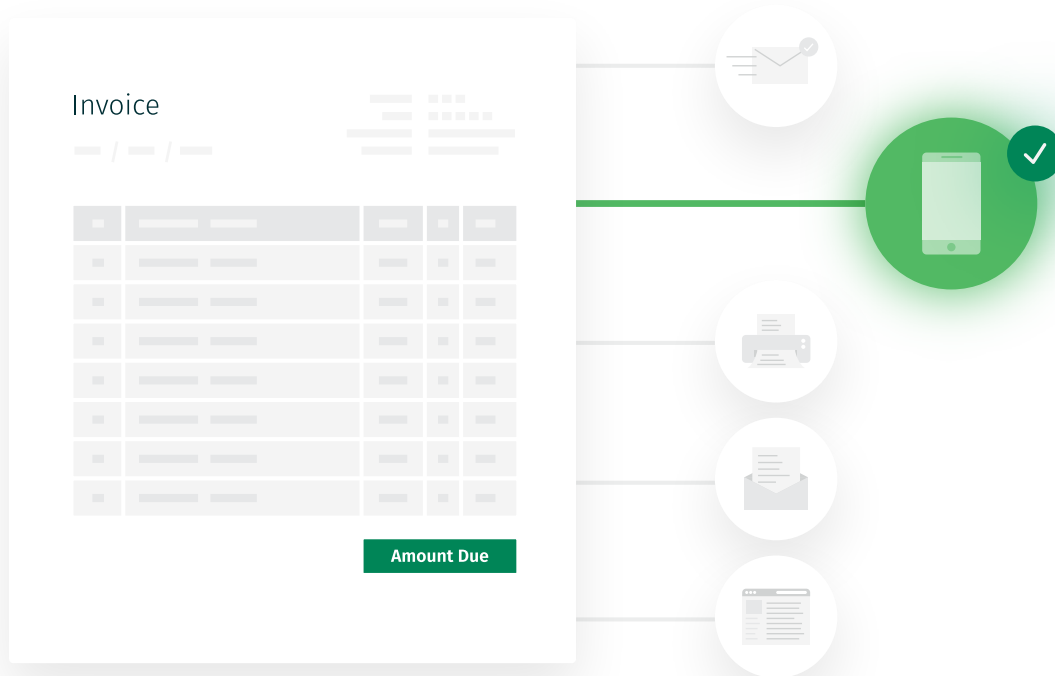
Automated invoicing cuts out time-consuming, error-prone manual work and delivers:

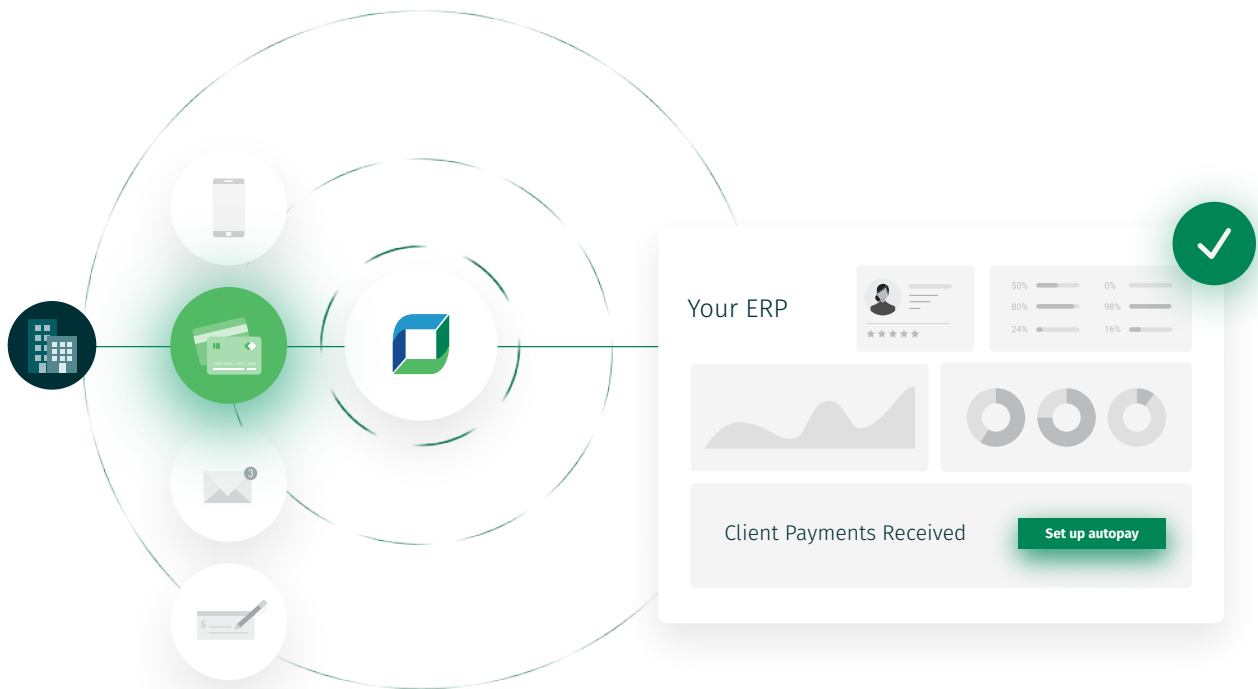
- ✓ More accurate invoices
- ✓ Fewer queries and disputes
- ✓ Faster payments
- ✓ Easier reconciliation

OPERATIONAL EFFICIENCY

Offer your clients every invoicing format, through a single, unique solution:

- ✓ Print and mail
- ✓ Email or fax
- ✓ Electronic invoice presentment and payment (EIPP)
- ✓ Deliver invoices straight into accounts payable portals





Credit card payments

WHY AUTOMATE?

Accepting credit card payments virtually:

- ✓ Meets customer demand
- ✓ Reduces interchange fees
- ✓ Ensures security and compliance
- ✓ Increases employee satisfaction and retention

OPERATIONAL EFFICIENCY

Reduce friction between healthcare providers and your AR department by:

- ✓ Providing an online payment portal
- ✓ Capturing credit card numbers virtually and applying the cash automatically
- ✓ Integrating seamlessly with procure-to-pay suites
- ✓ Promoting your automated system to clients



CASE STUDY:

Medical equipment supplier saves \$2.2 million in annual fees

\$2.2 MILLION SAVED

In annual fees

\$219 MILLION

In automated payments

43,000 PAYMENTS

Automated

The Challenge

One of the oldest and largest healthcare companies in the United States — serving more than half of the country's hospitals and a quarter of its physicians — has a primary division focused on the distribution of medical supplies, healthcare solutions, distribution services and clinical resources for healthcare providers.

This organization's accounts receivable (AR) team was struggling to keep up with a growing customer base and the increasing use of virtual, one-time-use credit cards. Three full-time employees were dedicated to manually processing about 2,500 virtual credit card payments each month with attached interchange fees totalling over \$6 million annually.

The Solution

This medical equipment supplier partnered with a state-of-the-art accounts receivable provider who automated the acceptance of electronic payments with remittance information automatically gathered, consolidated and delivered to their customers' ERP systems. Using virtual credit card technology, the AR provider optimized Level II/III data to reduce spending and support the supplier's AR team.

The Results

In 2020, this healthcare company was able to save over \$2.2 million due to interchange optimization of Level II/III data, and they more easily managed and processed a virtual card volume of \$219 million across 43,742 customer payments. They were also able to reallocate several full-time employees to work on other strategic projects within the business.

Conclusions and recommendations

1

Medical supply companies need to **update their cash-to-order processes** to include AR automation and virtual credit card processing.

2

Implementing a modern-day AR system helps medical suppliers navigate their customers' **procure-to-pay suites** automatically without multiple logins.

3

Order-to-cash automation demonstrates a company-wide commitment to streamlined, efficient and accurate processes that **instill confidence** with customers.

4

Accepting credit card payments virtually—instead of through email—ensures **PCI compliance** and data security.

5

Leveraging a state-of-the-art AR system dramatically **reduces interchange fees** and takes the guesswork out of adapting to fluctuating interest rates.

6

Eliminating time-consuming manual AR processes reduces mistakes and **accelerates payments**.

7

Freeing up full-time accounting professionals from repetitive tasks improves employee retention and helps companies reallocate human capital toward larger strategies.

8

Accepting payments made through a **modern AR system** ensures they are properly matched, even when one large payment is made toward multiple invoices.





It's time to embrace modern AR that makes getting paid radically simpler.

Only Billtrust delivers an order-to-cash SaaS platform integrated with an open network connecting the entire B2B payments ecosystem. Learn how we can help boost your business performance by integrating and digitizing your order-to-cash cycle. Contact a Billtrust Medical Specialist at medicalsales@billtrust.com.